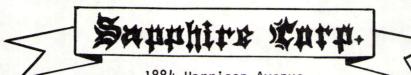
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1884 Harrison Avenue Salt Lake City, Ut. 84108 (801) 363-4787

State Of Utah

DEPARTMENT OF NATURAL RESOURCES FEB 1 3 1980

DIVISION OF OIL, GAS, AND MINING FEB 1 3 1980

1588 West North Temple

Salt Lake City, Utah 84116

DIVISION OF

OIL, GAS & MINING

Dear Mr. Smith:

As I mentioned in our telephone conversation of Feb. 8, Sapphire Co. has run into some problems with the people we formerly had the Quarry leased to.

We are trying at the present time to get these problems solved.

We are also working diligently to raise adequate financing, to either operate the Quarry ourselves or as a joint venture, in the event we don't find a reliable Lessee.

To date we have not removed any stone, or have we started an operation on the Quarry, or will we (as was our agreement with you) until such time as a Surety Bond is secured, as outlined by your Reclamation Plan.

We certainly appreciate your past consideration and hope you will extend it a bit longer.

Sincerely.

aleda C. Jansan